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Comments on Appendix "A" of NIE-34

6 July 1951

1. Agriculture. "51 per cent of the total Spanish labor force" was a true estimate in 1930. Today 44-47 per cent would represent a more accurate figure. Olive oil should be listed among Spain's important farm products. Critical shortages of this edible oil, second only to wheat in the Spaniards staple diet, have caused real concern to the government which fears serious repercussions. The expenditure of dollars for soya and other edible oil imports has prevented Spain from contracting for its full allocation of US wheat. If by "cereal grains" is meant chiefly wheat, the figure 500,000 (metric) tons for annual imports appears excessive. In 1949-50 Spanish wheat production reached the lowest level for the 1945-50 period. Wheat imports in 1949-50 amounted to 399,333 metric tons. The 1950-51 wheat imports requirements were officially listed at 330,000 metric tons. Although the population of Spain has increased at the rate of 300,000 annually, farm productivity has fallen 3-6 per cent since 1930, due in great part to the shift of some farm labor to urban centers.

2. Mining and Metallurgy. The 1950 coal production figure of 11 million metric tons seems questionable. A total of 11,814,000 metric tons were dug in 1949 and, on the basis of the first three quarters of 1950, an increase of about 4.5 per cent was anticipated over 1949. Therefore, the 1950 production should have reached a figure of about 12.5 million metric tons. Shortages of coking coal have become still more critical with the tightening of the world coal supply brought on by the Korean war. With regard to steel production, 1929 was a record-breaking year. The 1950 figure represents a new high since 1929. The official figures for tungsten ore production in 1950 were 850 metric tons. They do not include the ore which is smuggled into Portugal now at the rate of 20 tons monthly. Most Spanish exports of this essential wartime commodity go to Europe, where the market price is higher than in the US. 1950 mercury production showed a marked increase over the 1949 figure of 32,262 flasks. (note: One flask weighs 76 pounds.) 1.3 million metric tons of iron pyrites is the present annual rate of production which is 14.8 per cent higher than in 1949. The US received no shipments of this sulphur bearing ore in the first three quarters of 1950, the principal consumers being Germany, the Netherlands and the UK, in the order given. Spain produced less copper in 1950 than in 1949 and to date has not been able to produce sufficient quantities for its domestic needs. An agreement has been signed with Chile whereby 3,000 metric tons of Chilean copper will be imported annually for three years. It might be added that Spain's special steels production has been virtually paralyzed due to shortages of nickel, molybdenum and cobalt. Minister of Commerce and Industry Suances has sought to obtain quantities of these strategic minerals for tungsten through barter arrangements. The special Strategic Minerals Committee's policy favors their free exchange and allocation by international agreement. Severe electric power shortages should also be listed as hindering the expansion of Spain's mining and metallurgical industries.

3. Industry. Spanish industry is presently operating at about 50 per cent of capacity. In 1950, 7,265 million kilowatt-hours of electric power were produced. General Franco has announced 9 billion kilowatt-hours as the goal for 1951.

*much better now*

**State Dept. declassification & release instructions on file**

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4. Railroads. It may be misleading to include the railroads of Portugal in the general picture of "Iberian" railroads which is given under this heading. Portugal's railroads are in a vastly better state of repair and maintenance than those in Spain in practically every category. The sentence "The difference in gauge between the French and Spanish railroads necessitates transfer of goods at the border" perhaps could be inserted to good effect before the sentence which begins "A number of narrow-gauge lines....", 6th line, section 4. Some Export-Import Bank loans have been granted and others are pending for further electrification, signalling equipment and steel rails, as well as coal. Instead of "old and inadequately maintained rolling stock" (3rd line, p. 4) it might be more accurate to say "makeshift maintenance of old rolling stock". The Spanish worker is generally acknowledged to be a keen craftsman if he is given the proper tools and materials. Not only does Spain have to import railway equipment, steel, coal, etc., (line 16, p. 4) but is desperately in need of foreign credits, especially dollars, with which to pay for these things. The state of deterioration of Spanish railroads points up the almost total immobility of Spain's ground forces which are woefully deficient in motor transport. All such considerations, however, could be taken up below under the appropriate military headings, such as the "defense of the Pyrenees" which is discussed in Section 6 of Appendix "B".

5. Highways. The deterioration and inadequacy of the Spanish highway system cannot be described too strongly. The highways of Spain can be said to be "almost totally inadequate" for modern, "heavily-motorized" military traffic. Spain's lack of financial resources to buy asphalt and road-building equipment is largely responsible for the failure to maintain and expand the highway network. Hence, the urgent need for foreign financial assistance. The shortage of motor vehicles, fuel and auto parts is acute.

6. Standard of Living. The Spanish national income dropped from 25.3 billion pesetas in 1929-35 to 23.7 billion in 1949. At first reading the 9 per cent average drop may appear unusually slight. This is explained by the fact that industrial production expansion has partially offset the fall in agricultural production. The whole Spanish economy has been thrown out of gear in the process. It is doubtful whether the "inflationary forces" are "still fairly successfully repressed" (line 7, P. 7) and if the economic situation cannot perhaps be described as "chaotic" it is certainly extremely desperate. The Spanish people appear to have reached the limit of their endurance. The recent wave of strikes against the high cost of living--which, on the basis of 1935, has increased 700 per cent while wages have risen only 350 per cent--is sufficient proof of this.

about to make  
the same standards  
of living there  
half as high as  
in 1935

In regard to the regimented Spanish business and industrial enterprise, the Instituto Nacional de Industria (INI), the pet project of Minister of Commerce and Industry Suances, may be cited as an example of a state-controlled industrial combine which competes obviously very unfairly with private enterprise for allocations of raw materials, foreign exchange allocations, foreign aid, etc.

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Comments on Appendix "B" of NIE-34

1. The Spanish Army. On April 13, General Franco ordered the organization of 5 armored brigades which are to be based on 10 of the existing separate cavalry regiments for the purpose of "providing larger, highly mobile units, capable of providing immediate cover at points of danger while smaller, slower moving units are being redeployed". Whereas the T/O of a Spanish infantry division calls for 9,180 officers and men, all such divisions are actually below normal peacetime strength out of economic necessity. Furthermore, considerable numbers of recruits are granted furloughs of indefinite duration in order to conserve rations, etc.

— The figure of 5 million physically fit manpower appears open to doubt. The per capita food consumption level (2350 calories daily), one of the lowest in Europe, verges dangerously on mal-nutrition, and must surely have taken its toll in terms of the physical fitness of Spain's manpower. Perhaps correlative statistics on the incidence of tuberculosis and the various dietary disease in Spain might clarify this point. On the question of available manpower, the Spaniards claim they could put two million men in the field under full mobilization. However, the present 488,000 members of the armed forces together with the 1,200,000 trained reserves add up to only 1,688,000 experienced military personnel. The mobilization time-table for Spain which is carried on page 9 unfortunately does not add clarity to the picture of available Spanish manpower.

Is "combat effectiveness" meant by the "effectiveness and efficiency" of the average Spanish soldier's training? Lack of standardization might be mentioned as contributing to the lack of readiness of the Spanish army. Remarks on army morale and discipline could be made to wind up Section 1. It might be suggested in passing that, whereas there is apparently no question as to the loyalty to Franco and discipline of Spanish troops, morale may be somewhat less than satisfactory among the junior officers particularly because of low pay and rising living costs. In this connection, it might be added that the positive attributes of the Spanish soldier are his ruggedness and ability to endure extreme hardships, and an intense patriotism which would strengthen his will to resist an aggressor. Owing to a lower standard of living since the Spanish Civil War, the Spanish soldier's ability to bear up under actual combat conditions remains open to question.

2. The Spanish Air Force. The air force has a total of 994 aircraft, 379 of which are assigned to tactical units. It is estimated that present flying equipment would last only a few days under combat conditions. An indication of the low state of readiness of the air force is the fact that until very recently it possessed only two radar sets. The "complete rebuilding" of the air force would be a prime necessity since the defensive capabilities of Spain depend in large measure upon an efficient airforce.

3. The Spanish Navy. The catalogue of Spain's fighting ships is at variance with the June listings issued by the Department of Defense. For instance, 4 CL and 18 DD is given instead of 3 and 15 respectively. The Spanish navy could be utilized mainly for anti-submarine warfare and mining operations. Other factors militating against effective training of crews are lack of radar and sonar equipment and the need to conserve fuels. It might be added that the marine corps as presently constituted could be utilized only for guard and patrol duty.

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4. Spanish Air Bases. Strategically speaking, would the Ebro River Valley and Guadalquivir River Valley be better locations than the Castilian plateau? In what condition are the roads and rail facilities servicing the two valley locations?

5. Spanish Naval Bases. El Ferrol might better be described as on the extreme northwest coast of Spain, and Cadiz on the southwest Atlantic coast. El Ferrol is equipped to build even BBs although facilities and methods are antiquated. Plans for the expansion of naval bases and ports would require immediate US economic and technical assistance for their speedy implementation. By "(including oil)" (line 4, p. 14) "oil tanks" are obviously meant. Might not "patrolling" be substituted for "controlling" in line 10, p. 14? This sentence could end with the phrase "and defending the Spanish littoral."

If Spain's artificial harbors are "excellent" (line 19, p. 14) this might be mentioned in the preceding sentence.

6. The Pyrenees Defense Line. Since so much is made of the poor condition of the roads on the Spanish side of the Pyrenees (Appendix "A", p. 5, Sect.5) it might be well to place a little more emphasis on this fact here. It would appear that the roads in this region need more than "substantial maintenance" to withstand the traffic of heavy-duty military equipment.

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